

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

|   |                       |
|---|-----------------------|
| U.S. SECURITIES AND<br>EXCHANGE COMMISSION,<br>Plaintiff,   | Case No. 1:18-cv-5587 |
| v.  | Judge John Z. Lee     |
| EQUITYBUILD, INC.,<br>EQUITYBUILD FINANCE, LLC,<br>JEROME H. COHEN, and SHAUN D.<br>COHEN,<br>Defendants. |                       |

**Creditor Liberty EBCP, LLC's  
Statement Concerning Receivership Assets**

Creditor Liberty EBCP, LLC ("Liberty") hereby files this statement pursuant to the Court's Order Appointing Receiver [Dkt. No. 16] (the "Receivership Order")<sup>1</sup>, and further states as follows.

1. On August 17, 2018, the Court appointed a Receiver in this case.

Paragraph 17.C. of the Receivership Order states that:

All banks, brokerage firms, financial institutions and other persons or entities which have possession, custody, or control of any Receivership Assets . . . that receive actual notice of this Order . . . shall file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each account or other asset, the balance in the account or description of the assets as of the close

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<sup>1</sup> The information contained herein has already been shared with the Receiver.

of business on the date of the receipt of the notice.

2. Liberty entered into a loan arrangement (the “Loan”) with SSDF7 Portfolio 1, LLC on May 2, 2018 (“SSDF7 Portfolio”). SSDF7 Portfolio is not designated as a “Receivership Defendant” under the list of entities described as Receivership Defendants in the Receivership Order and it is therefore unclear whether the assets of SSDF7 Portfolio are “Receivership Assets” as that term is defined in the Receivership Order.

3. SSDF7 Portfolio is wholly owned by SSDF7 Holdco 1, LLC (“SSDF7 Holdco”). SSDF7 Holdco also is not designated as a “Receivership Defendant” under the list of entities described as Receivership Defendants in the Receivership Order and it is therefore unclear whether the assets of SSDF7 Holdco are “Receivership Assets” as that term is defined in the Receivership Order.

4. SSDF7 Holdco’s owners are South Side Development Fund 7, LLC and South Shore Property Holdings, LLC, two entities which are designated as Receivership Defendants in the Receivership Order. As a result, Liberty is filing this disclosure in an abundance of caution, but is reserving all rights to assert that the assets of SSDF7 Portfolio are not Receivership Assets or otherwise subject to the terms of the Receivership Order.

5. Pursuant to the Loan Agreement between SSDF7 Portfolio and Liberty, Liberty established a collateral account (the “Collateral Account”) with the following

four subaccounts:

- a. An Interest Reserve Account, funded at closing with proceeds of the Loan with a current balance of \$600,000.00;
- b. An Insurance Reserve Account, funded monthly in the amount of \$7,344.67, with a current balance of \$22,044.01;
- c. A Tax Reserve Account, funded at closing with proceeds of the Loan in the amount of \$150,000.00 and funded monthly in the amount of \$13,000.00. To date (and prior to the receivership), \$131,921.36 has been disbursed from the Tax Reserve Account to pay taxes due, leaving a balance of \$45,278.64; and
- d. A CapEx Reserve Account, funded at closing with proceeds of the Loan in the amount of \$425,834.00. To date (and prior to the receivership), two draws of \$282,400.00 and \$72,000.00 have been made from the CapEx Reserve Account, leaving a balance of \$71,434.00.

An accounting of each of the reserve accounts comprising the Collateral Account is attached hereto as **Exhibit A**.

6. None of the amounts in the Collateral Account are property of SSDF7 Portfolio until the conditions for their release are satisfied. Pursuant to the loan documents among SSDF7 and Liberty (the “Loan Documents”), the funds in the Collateral Account and the Collateral Accounts themselves are subject to Liberty’s sole dominion and control, do not constitute a trust fund and may be comingled with other

funds held by Liberty. Further, under the Loan Documents, SSDF7 Portfolio has no right to withdraw funds from the Collateral Account and Liberty has the right to apply all or any portion of such funds against any of the obligations of SSDF7 Portfolio, in Liberty's discretion, including upon an event of default (which occurred pre-receivership). Lastly, under the Loan Documents, SSDF7 Portfolio pledged, assigned, transferred and delivered the Collateral Account and the funds in the Collateral Account to Liberty and granted a valid first lien security interest in the Collateral Account and the funds in the Collateral Account to Liberty.

7. Liberty reserves all of its rights under the Loan Documents, including with respect to the Collateral Account.

Respectfully Submitted,

/s/ Jonathan C. Myers

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Date: September 5, 2018

**EXHIBIT A**

Accounting of Reserve Accounts

[See attached]



## SSDF7 Portfolio 1 LLC

| Interest Reserve Balance |            |        |                 | Insurance Escrow Account Balance |            |           |              |                | Tax Escrow Account Balance |            |            |              | Construction Escrow Account Balance |           |            |            |             |                |
|--------------------------|------------|--------|-----------------|----------------------------------|------------|-----------|--------------|----------------|----------------------------|------------|------------|--------------|-------------------------------------|-----------|------------|------------|-------------|----------------|
| Date                     | Debit      | Credit | Description     | Date                             | Debit      | Credit    | Description  | Ending Balance | Date                       | Debit      | Credit     | Description  | Ending Balance                      | Date      | Debit      | Credit     | Description | Ending Balance |
| 5/2/2018                 | 600,000.00 |        | Initial Funding | 600,000.00                       | 5/2/2018   | 7,344.67  | Rep. Balance | 7,344.67       | 5/2/2018                   | 150,000.00 |            | Beg. Balance | 150,000.00                          | 5/2/2018  | 425,834.00 |            | 425,834.00  |                |
|                          |            |        |                 | 600,000.00                       | 7/1/2018   | 7,344.67  | Ins Escrow   | 14,689.34      | 7/1/2018                   | 13,600.00  |            | Tax Escrow   | 163,600.00                          | 6/5/2018  | 282,400.00 |            | 143,434.00  |                |
|                          |            |        |                 | 600,000.00                       | 8/1/2018   | 7,344.67  | Ins Escrow   | 22,034.01      | 7/31/2018                  | 131,921.36 |            | Tax Payment  | 31,678.64                           | 7/24/2018 | 72,000.00  |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              | 8/1/2018       |                            | 13,600.00  |            | Tax Escrow   | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
|                          |            |        |                 | 600,000.00                       |            | 22,034.01 |              |                |                            | 45,278.64  |            |              | 45,278.64                           |           |            |            | 71,434.00   |                |
| 0.00                     | 600,000.00 |        |                 |                                  | 0.00       | 22,034.01 |              |                |                            | 131,921.36 | 177,200.00 |              |                                     |           | 354,400.00 | 425,834.00 |             |                |
|                          |            |        |                 | TOTAL:                           | 600,000.00 |           |              |                | TOTAL:                     | 22,034.01  |            |              |                                     | TOTAL:    | 45,278.64  |            | TOTAL:      | 71,434.00      |

Total Escrow Account Balance: 138,746.65  
 Total Interest Reserve Balance: 600,000.00

| 7/31 Payments         |            |
|-----------------------|------------|
| 2736 W 64th St        | 7,852.91   |
| 7600 S Kingston Ave   | 16,457.76  |
| 7546 S Saginaw Ave    | 11,466.37  |
| 7442 S Calumet Ave    | 5,465.76   |
| 7051 S Bennett Ave    | 5,023.32   |
| 6356 S California Ave | 5,354.63   |
| 7556 S Kingston Ave   | 8,021.36   |
| 7701 S Essex Ave      | 8,891.48   |
| 8201 S Kingston Ave   | 2,151.80   |
| 8326 S Ellis Ave      | 7,140.73   |
| 4317 S Michigan Ave   | 4,288.50   |
| 6357 S Talman Ave     | 5,031.03   |
| 7201 S Dorchester Ave | 5,743.07   |
| 7959 S Marquette Rd   | 7,507.99   |
| 816 E Marquette Rd    | 5,082.51   |
| 2452 E 75th St        | 9,973.31   |
| 7748 S Essex Ave      | 16,468.81  |
|                       | 131,921.36 |

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing document has been served on September 5, 2018 by filing with the Clerk of Court using the CM/ECF system, which will send notification of such filing to counsel of record.

/s/Deon Goldberg